

Marketing and Regulatory Programs

A Helping Hand In Times of Need

When Hurricane Floyd and its destructive floods hit North Carolina in September 1999, APHIS helped the State on a number of fronts. Agency personnel were involved in local efforts to aid flood victims, working side-by-side with the military to rescue stranded people and help with search activities. APHIS and its emergency response team worked with the State to dispose of the millions of animals—primarily poultry and livestock—that died during the disaster. Information about humane treatment and missing pets was posted on the APHIS' website.

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

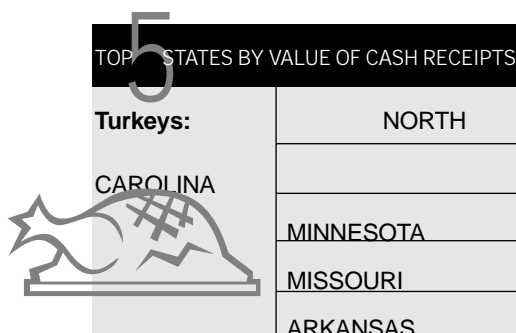
Key Accomplishments for FY 1999

Restructuring of Packers and Stockyards Program. High concentration, forward sales contracts, production contracts, and vertical integration have raised major concerns about competition and trade practices by meat packers and poultry processors. The Packers and Stockyards (P&S) program of the Grain Inspection, Packers and Stockyards Administration (GIPSA) has restructured its headquarters and field offices to better focus on its core responsibilities—overseeing competition, trade practices, and payment protection in the livestock and poultry industries. In 1999, GIPSA completed the final stages of the restructuring. Regional offices were reduced from 11 to 3 while staffing was increased with the addition of legal and economic specialists. Resident agents, who provide basic P&S services and provide a presence in all livestock and poultry production areas, were moved into place in outlying areas throughout the United States.

Complaint Against Excel Corporation. On April 9, 1999, GIPSA filed a complaint against Excel alleging that the firm violated the Packers and Stockyards Act (P&S Act), which prohibits unfair, unjustly discriminatory, or deceptive practices by packers. The complaint alleges that Excel failed to disclose to producers a change in how it calculated the lean percent for hogs purchased on a carcass merit basis, and that, as a result, it paid lower prices for the majority of hogs purchased on this basis. The alleged actions by Excel resulted in farmers being paid \$1.8 million less in transactions involving more than 19,900 lots of hogs that were slaughtered at Excel's three hog plants. The case is scheduled for a hearing in February 2000.

Complaint Against Farmland. On July 20, 1999, GIPSA filed a complaint against Farmland National Beef Packing Company, alleging that the company violated the P&S Act. The complaint alleges that Farmland changed its bidding and buying practices at Callicrate Cattle Company Feedyard after Callicrate's sales manager published an article critical of Farmland in a livestock journal. A hearing date for this complaint is pending.

Rapid Response Teams in South Dakota and Missouri Help as New State Livestock Price Discrimination Reporting Laws Go Into Effect. New livestock price reporting laws took effect in South Dakota and Missouri during the summer of 1999. The laws prohibit packers from paying different prices for livestock with certain exceptions, which include criteria related to carcass merit. GIPSA put rapid response teams in South Dakota July 20-23,



1999, and in Missouri the weeks of August 30 and September 6, 1999, to monitor the situation. GIPSA continues to monitor developments closely.

Pork Crisis. As part of USDA's Pork Crisis Task Force, the Agricultural Marketing Service implemented initiatives designed to help remedy the financial crisis for pork producers. In FY 1999, AMS purchased more than 118 million pounds of pork worth nearly \$127 million for its Federal feeding programs. It expanded its efforts to assist U.S. pork packers and processors marketing their pork products through brand initiatives and quality management system verification. And it released two new hog reports which allow producers to more precisely assess the value of their hogs.

National Organic Program Rulemaking Honored. The National Organic Program's electronic rulemaking project won a 1999 Hammer Award. It also was selected for inclusion in the Smithsonian's Permanent Research Collection, and as a finalist for the Harvard Kennedy School of Government and Ford Foundation's Innovations in American Government Award. The National Organic Program employed the Internet and other communication technology to handle more than 280,000 comments received on its proposed rule for national organic food standards.

Certifier Assessments Keep Organic Products Flowing to the European Union. AMS established a voluntary, fee-for-service program to verify that U.S. State and private organic certifying agencies comply with the requirements which enable the organic industry to comply with European Union requirements for organic products.

Marketing Workshop Reaches Limited-Resource Farmers. AMS, in cooperation with Southern University and A&M College, held an interagency outreach workshop on "The Marketing Challenge" in Memphis, TN, on March 24-26, 1999. This workshop brought together more than 500 small-scale, minority, and disadvantaged farmers from seven mid-Southern States to discuss the challenges and opportunities facing farmers today.

Farmer Direct Marketing. As part of the Farmer Direct Marketing Action Plan, AMS developed a farmer direct marketing web page that provides marketing information for small-scale farmers; links to Federal, State, university, and other direct marketing websites; and includes a bimonthly *Farmer Direct Marketing Newsletter*. AMS also published the Farmer Direct Marketing Bibliography containing information of interest to academia, extension services, nonprofit groups, and farmers and vendors. In addition, it held a workshop in Santa Fe, NM, to address the issue of attracting minority farmers and customers to farmers markets and other public markets.



Congresswoman Marcy Kaptur, OH, Ranking Member, House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, talks to visitors at the Toledo Farmers Market about the Northwest Ohio Proud Campaign. The campaign sells pork raised by northwest Ohio hog farmers directly to consumers.

Animal Care Program. The Animal and Plant Health Inspection Service's (APHIS) Animal Care program continued its use of new techniques to improve enforcement of the Animal Welfare Act (AWA). For example, it expedited prosecution of AWA offenders, virtually eliminating the backlog of cases. It used innovative penalties which helped licensees come into AWA compliance. APHIS also successfully negotiated a Cooperative Enforcement Agreement with the horse industry to address the very contentious practice of horse soring.

Pest and Disease Exclusion. In fiscal year 1999, APHIS inspectors confiscated 1.8 million prohibited plant and animal products entering the country and, as a result, prevented 52,000 reportable pests from entering the United States. It is also working to improve its system of safeguarding against exotic invasive pests and diseases by implementing recommendations made in a stakeholder review carried out under the guidance of the National Plant Board (NPB).



An APHIS inspector inspects cartons for Asian longhorned beetles.

Pest and Disease Management. APHIS conducts programs that have made considerable inroads in eradicating animal and plant pests and diseases. For example, in January 1999, APHIS initiated the Accelerated Pseudorabies Eradication Program to achieve its goal of eradicating this serious disease from the Nation's swine population by the end of 2000. About 900,000 swine have been depopulated and approximately \$65 million in indemnity payments have been made to affected producers.

APHIS' Animal Care Above and Beyond

It is not uncommon for APHIS' Animal Care officials to go above and beyond their duties in helping animals covered under the AWA. In 1999, members of a touring Russian performance troupe featuring a live bear act were taken into custody for immigration violations. The three bears that had been in the troupe's possession needed a home fast. Animal Care officials first found a temporary home for the bears, and then helped them move to a permanent home in Texas.

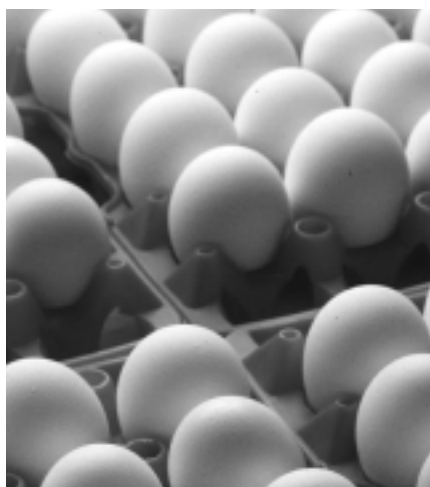


USDA's Beagle Brigade is one facet of APHIS' comprehensive agricultural quarantine and inspection (AQI) program. The Beagle Brigade is a group of nonaggressive detector dogs and their human partners. They search travelers' luggage for prohibited fruits, plants, and meat that could harbor harmful plant and animal pests and diseases.

The Cooperative Boll Weevil Eradication Program has eliminated this destructive insect from nearly 5 million acres in Alabama, Arizona, Virginia, California, the Carolinas, Florida, and Georgia. During the last fiscal year alone, approximately 4 million infested acres in Arkansas, Louisiana, Mississippi, and Texas were enrolled.

Wildlife Sciences Building Dedication. On April 16, 1999, APHIS dedicated the \$14 million, state-of-the-art Wildlife Sciences Building in Fort Collins, CO, the only facility in the world dedicated to resolving conflicts between wildlife and man. It also houses a library on wildlife management that is linked to USDA's National Agricultural Library system, as well as about 80 universities across the United States. This will help APHIS provide leadership in developing socially acceptable and cost-effective methods for managing problems caused by wildlife, while maintaining balanced and healthy ecosystems.

Federal-State Marketing Improvement Program. AMS provides matching funds to State departments of agriculture or other appropriate State agencies for a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products. With Federal funds of \$1.2 million available, the Federal-State Marketing Improvement Program awarded matching funds to 25 projects in 20 States during FY 1999.



USDA, in partnership with the Food and Drug Administration and the President's Council on Food Safety, announced a new Egg Safety Action Plan in December 1999. The plan aims to cut in half by 2005 the number of *Salmonella enteritidis* (SE) illnesses attributed to eggs and will set a goal to eliminate such illnesses altogether by 2010. Nearly 3.3 million eggs in the United States are infected with the SE bacteria annually, and in 1997 alone, there were an estimated 300,000 cases of SE infections. The new plan focuses on (1) producers at the farm level, requiring rigorous on-farm agricultural and sanitation practices, extensive testing for SE, and egg diversion systems, so that infected eggs are rerouted or "diverted" away from consumers; and (2) the processing and packing stages, requiring lethal treatments, also known as a "kill step," for SE-infected eggs, so that SE bacteria are eliminated in these eggs.

Automation of Export Inspection. GIPSA initiated a government-private sector partnership to automate grain inspection processes at export facilities. During FY 1999, building of a prototype system began at one facility in New Orleans. The project received industry-wide support because it offers the potential to reduce GIPSA's inspection operating costs and improve the productivity of U.S. export operations—an essential factor in today's competitive global market.

New Education Package Developed for Eggs and Poultry. To point up the benefits of purchasing USDA-graded eggs and poultry, AMS developed and packaged a media, retail, and education communication program. The communication kits feature a new character logo and include point-of-sale brochures, an educational lesson plan, and general information fact sheets that processors and retailers can use to convey their commitment to providing quality products.

GIPSA Hotlines. GIPSA has two hotlines, one for employees and one for customers. To date, employees have submitted 784 ideas for improving the Agency's programs and services. Numerous comments and concerns from livestock producers and marketers about a South Dakota price reporting law which became effective July 1, 1999, were received on the GIPSA hotline.

NAFTA Dispute Resolution Program. AMS officials were instrumental in developing the North American Free Trade Agreement (NAFTA) Tri-National Dispute Resolution Program, which encourages fair-trading practices between Canada, Mexico, and the United States. The independent organization governing the program will be supported by industry members and is scheduled to be operational in February 2000.

Federal Milk Marketing Order Reform. On August 23, USDA issued a final order consolidating the current 31 Federal milk orders into 11 and making other significant reforms. Issuance of the final order concluded a 3-year process that began with passage of the 1996 Farm Bill that legislated the consolidation and reform.

USDA and U.S. Army Corps of Engineers Work Together on Waterway Issues. USDA and the U.S. Army Corps of Engineers formally agreed to work together to address inland waterway issues affecting the movement of agricultural commodities. The Memorandum of Understanding creates the Inland Waterways Working Group, which will combine the Corps' expertise in policy, planning, evaluation, design, and operation of inland waterways infrastructure with USDA's expertise in agricultural production and marketing, as well as USDA's understanding of the changing nature of rural and agricultural economies.

Did You Know?

APHIS has about 48 canine teams stationed at 19 of the United States' busiest international airports.

Opening Markets and Keeping Them Open. APHIS supports agricultural trade by providing our trading partners with scientific data indicating that U.S. products are free of pests and diseases of concern and ensuring that any trade restrictions placed on our products are based on sound science. In 1998, APHIS issued 295,000 plant health export certificates and played a key role in resolving 44 foreign plant and animal health trade issues. These actions, in turn, permitted more than \$398 million in international agricultural trade to take place.

APHIS also completed a risk assessment for regionalization of the European Union (EU) for classical swine fever and a number of other animal diseases. This permitted finalization of a veterinary equivalency agreement with the EU, which will facilitate trade by setting standards for mutual recognition of each party's animal health measures.



Secretary Dan Glickman, AMS Administrator Kathleen Merrigan, and Under Secretary for Marketing and Regulatory Programs Michael Dunn sample produce at the USDA Thanksgiving Farmers Market. USDA sponsors a farmers market every Friday, April through November.